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YOUTH PROJECT LOANS //

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A Rural Credit Agency of the
U.S. DEPARTMENT
OF AGRICULTURE

FARMERS HOME
ADMINISTRATION
Program Aid No. 1059

YOUTH PROJECT LOANS

The Farmers Home Administration makes loans to individual rural youths who are 10 through 20 years of age to establish and operate income-producing projects of modest size in connection with their participation in 4-H Clubs, Future Farmers of America and similar organizations.

Each project must be part of an organized and supervised program of work. The project must be planned and operated with the help of the organization adviser, produce sufficient income to repay the loan, and provide the youth with practical business and educational experience.

WHO MAY BORROW?

To get a loan you must:

- Be a citizen of the United States
- Be 10 years old, but under 21 years old
- Live in the open country or in a town of less than 10,000 people
- Be unable to get a loan from other sources
- Conduct a modest income-producing project in a supervised program of work as outlined above.

Also one must have a good character, and be capable of planning, managing, and operating the project under guidance and assistance from a project adviser. The project adviser must recommend the project and the loan and agree to provide adequate supervision.

WHAT ARE SOME POSSIBLE PROJECTS?

These loans can finance nearly any kind of income-producing project, including:

- Lawn and garden service
- Livestock and crop production
- Repair shops
- Catering service
- Art and craft sales
- Roadside stands, and many others.

WHAT MAY LOANS BE USED FOR?

Youths may use the money to:

1. Buy animals, equipment and supplies
2. Buy, rent, or repair needed tools and equipment
3. Pay operating expenses for running the project



WHAT SIZE PROJECT CAN ONE FINANCE?

Only projects of modest size can be financed. A modest project is limited in physical size, capital requirements, and overall objectives.

WHAT IS THE INTEREST RATE?

The interest rate for these loans is determined periodically, based on cost of money to the Government. However, when a loan is made, the interest rate for that loan will not change, but if another loan is made later, the interest rate could be different.

WHAT SECURITY IS REQUIRED?

To receive a loan you must sign a promissory note and incur personal and full responsibility for the debt. Sometimes the county supervisor may require a cosigner for loans.

In addition, loans will be secured by liens on products produced for sale and on chattel property, including livestock, equipment, and fixtures purchased with loan funds.

HOW ABOUT REPAYMENT?

The schedule for repaying the loan will be worked out with the FmHA county supervisor. Payments will be tailored to the type of project for which the loan was made. If it is raising livestock or crops, for example, the loan can be paid when the produce is sold. If the project is a repair shop or some other service operation, the loan can be paid from the weekly or monthly earnings.

WHERE AND HOW ARE APPLICATIONS MADE?

The organization adviser should sign completed plans and budgets and the applicant submit them to the local county office of the Farmers Home Administration.

Application forms for youth project loans are available from the FmHA county supervisor. FmHA has more than 1,750 offices throughout the country. Usually the telephone directory will give the nearest office location under "U.S. Government."

Each person who applies gets equal consideration without regard to race, color, creed, sex, marital status, national origin,

or physical/mental handicaps (so long as the applicant can sign a legally binding document.)

Revised February 1979

